

## **EXHIBIT 2**

**Act 2025-297**

SB330 ENROLLED



# ACT #2025 - 297

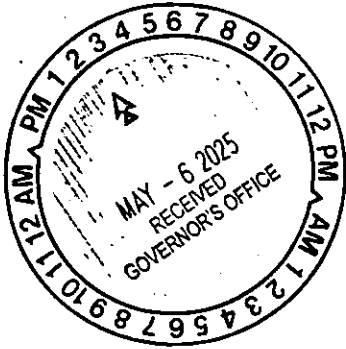
1 SB330

2 JPT27FY-3

3 By Senators Roberts, Waggoner, Shelnett

4 RFD: County and Municipal Government

5 First Read: 17-Apr-25



**SB330 Enrolled**

1 Enrolled, An Act,

2  
3  
4 Relating to municipal water works boards; to amend  
5 Section 11-50-300, Code of Alabama 1975; to add Sections  
6 11-50-300.01, 11-50-300.02, 11-50-300.03, 11-50-300.04,  
7 11-50-300.05, 11-50-300.06, 11-50-300.07, 11-50-300.08,  
8 11-50-300.09, and 11-50-300.10 to the Code of Alabama 1975; to  
9 further provide for the composition, manner of appointment,  
10 and length of terms of members of certain municipal water  
11 works boards; to provide qualifications for and place limits  
12 on the employment of board members; to provide for conversion  
13 of these boards to regional boards; to further provide for  
14 these boards to amend their articles of incorporation; to  
15 subject these boards to the ethics laws of Alabama and require  
16 training on the subject; to provide duties and unlawful  
17 actions of these boards; to require a consulting engineer be  
18 retained by a board; to require these boards to produce  
19 certain financial and statistical records; and to repeal  
20 Sections 11-50-301, 11-50-302, 11-50-303, and 11-50-304, Code  
21 of Alabama 1975, relating to certain municipal water works  
22 boards.

23 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

24 Section 1. (a) The Legislature finds and declares, as  
25 the basis of this act, all of the following:

26 (1) Competent and efficient management of municipal  
27 water works boards' potable and raw water systems is  
28 strategically important to the health, safety, and economic

**SB330 Enrolled**

29 viability of this state and local governments and the  
30 well-being of residents thereof.

31 (2) Failures in the management of water systems lead to  
32 unreasonably high rates that oppress residents and are a  
33 barrier to economic development that is vital to improving job  
34 opportunities.

35 (3) Failures in the management of water systems may  
36 lead to catastrophic events such as those that have occurred  
37 in California; Jackson, Mississippi; Richmond, Virginia; and  
38 Detroit, Michigan. Such events may prevent hospitals, fire  
39 departments, and other emergency services from operating  
40 effectively and result in catastrophic loss of life, property  
41 damage, and adverse financial consequences.

42 (4) Failures of management are more likely to occur in  
43 water works boards described in Section 11-50-300, Code of  
44 Alabama 1975, where the power to appoint a controlling number  
45 of the members of a board of directors is vested in a  
46 municipality whose voting residents comprise a fraction of the  
47 individuals served by the municipally controlled water works  
48 board.

49 (5) Transfers of substantial funds by Alabama municipal  
50 water works boards to municipalities appointing all or a  
51 majority of their board of directors have been approved by the  
52 Alabama Supreme Court in defiance of a founding principle of  
53 the United States of America that there should be no taxation  
54 without representation.

55 (b) The Alabama Legislature hereby declares that  
56 regional water boards should be operated for the exclusive

**SB330 Enrolled**

benefit of their customers and any surplus funds should be used to reduce water rates to the benefit of all customers.

Section 2. Section 11-50-300, Code of Alabama 1975, is amended to read as follows:

"§11-50-300

(a) Notwithstanding any other provisions of law, this division shall apply to any municipal water works board authorized to be incorporated by a municipality which, on January 1, 2015, either served water customers or has assets in four or more counties other than the county where the authorizing municipality is principally located, or after January 1, 2015, either serves water customers or has assets in four or more counties other than the county where the authorizing municipality is principally located, and the organization and operation of the board, shall be subject to this division.

(b) The powers and rights provided to a regional board pursuant to this division are cumulative and independent of any powers and rights pursuant to the enabling statute. Except as expressly set forth in this division, this division shall not be construed as a restriction or limitation upon any power, right, or remedy that a board may have pursuant to the enabling statute.

(c) To the extent this division conflicts with any other provision in the enabling statute, this division shall control.

(d) This division does not apply to a municipal utilities board that operates a water works system and an

**SB330 Enrolled**

85 electric distribution system, nor to an entity that serves  
86 only wholesale water customers."

87 Section 3. Sections 11-50-300.01, 11-50-300.02,  
88 11-50-300.03, 11-50-300.04, 11-50-300.05, 11-50-300.06,  
89 11-50-300.07, 11-50-300.08, 11-50-300.09, and 11-50-300.10 are  
90 added to the Code of Alabama 1975, to read as follows:

91 §11-50-300.01

92 For the purposes of this division, the following terms  
93 have the following meanings:

94 (1) AUTHORIZING MUNICIPALITY. A municipality that  
95 authorized the organization of a board that is converted to a  
96 regional board pursuant to this division.

97 (2) BOARD. A board organized pursuant to the enabling  
98 statute.

99 (3) CONVERSION DATE. The date upon which a board is  
100 converted to a regional board pursuant to this division.

101 (4) ENABLING STATUTE. Divisions 1 through 3 of Article  
102 8 of Chapter 50 of Title 11.

103 (5) ENGINEERING BACKGROUND. Capability as evidenced by  
104 an engineering degree from an accredited school of engineering  
105 and not less than five years experience in an engineering  
106 discipline.

107 (6) ETHICS ACT. Chapter 25 of Title 36.

108 (7) FINANCIAL BACKGROUND. Capability as evidenced by a  
109 successful career in banking or other field in which the  
110 candidate under consideration has demonstrated sound financial  
111 management skills in connection with long-term debt financing.

112 (8) GENERAL BUSINESS BACKGROUND. Means well experienced

**SB330 Enrolled**

113 in business affairs, whether related to private, public, or  
114 nonprofit entities, of the complexity of the operation of a  
115 water or sewer system.

116 (9) PRINCIPALLY LOCATED. With respect to the location  
117 of any authorizing municipality, the county where all or the  
118 largest portion of the territory of the authorizing  
119 municipality is located.

120 (10) REGIONAL BOARD. A board that meets the  
121 requirements of Section 11-50-300(a).

122 (11) SPONSORING MAYOR. The mayor of the authorizing  
123 municipality of a board that has been converted to a regional  
124 board pursuant to this division.

125 §11-50-300.02

126 (a) On the effective date of the act adding this  
127 section, a board that meets the requirements of Section  
128 11-50-300(a) as of the date of filing the bill adding this  
129 section shall be converted to a regional board.

130 (b) A board that meets the requirements of Section  
131 11-50-300(a) after the date of filing the bill adding this  
132 section shall be converted to a regional board 30 days after  
133 the board meets the requirements, but not before the effective  
134 date of this act.

135 (c) If the certificate of incorporation or bylaws of a  
136 regional board conflicts with this division, this division  
137 shall control.

138 §11-50-300.03

139 (a) The term of the existing directors of the board of  
140 directors shall terminate on the conversion date,

**SB330 Enrolled**

141 notwithstanding the term or terms for which the existing  
142 directors were appointed or elected. The term of office for  
143 directors appointed pursuant to this division shall begin on  
144 the conversion date, or if any such appointment is made after  
145 the conversion date, on the date of filing for the appointment  
146 order with the judge of probate as provided in subsection (b).

147 (b) Appointment of a director shall be evidenced by an  
148 order acknowledged before an officer authorized by the laws of  
149 this state to take acknowledgment of deeds and shall be filed  
150 in the office of the judge of probate where the board's  
151 original certificate of incorporation was filed and in the  
152 Office of the Secretary of State.

153 (c) (1) The board of directors of a regional board shall  
154 be reorganized and comprised as follows:

155 a. One director, who shall have a financial background,  
156 in addition to a general business background, shall be  
157 appointed by the sponsoring mayor.

158 b. One director, who shall have a financial background,  
159 in addition to a general business background, shall be  
160 appointed by the Lieutenant Governor.

161 c. One director, who shall have an engineering  
162 background, in addition to a general business background,  
163 shall be appointed by the president of the governing body of  
164 the county in which the authorizing municipality is  
165 principally located.

166 d. One director, who shall have a general business  
167 background, shall be appointed by the governing body of each  
168 county in which the regional board owns a major reservoir



**SB330 Enrolled**

169 located principally within the county.

170 e. One director, who shall have a general business  
171 background, shall be appointed by the governing body of the  
172 county, other than the county where the authorizing  
173 municipality is principally located, where the largest number  
174 of accounts serving water customers are located outside the  
175 county in which the authorizing municipality is located.

176 f. One director, who shall have a general business  
177 background and who shall be a resident of the county in which  
178 the authorizing municipality is principally located, shall be  
179 appointed by the Governor.

180 g. One director, who shall be a resident of the county  
181 in which the authorizing municipality is principally located,  
182 shall be appointed by the governing body of the authorizing  
183 municipality.

184 (2) All directors shall be residents of a county in  
185 which the regional board serves customers.

186 (3) Elected public officials may be appointed as  
187 directors.

188 (4) An appointing authority, if an individual, may  
189 appoint himself or herself, or, if a group of individuals, may  
190 appoint a member of the group.

191 (5) An individual who has had a business relationship  
192 with the regional board in the two-year period prior to  
193 appointment, or who was employed by a firm that has had a  
194 business relationship with the regional board in the two-year  
195 period prior to appointment, shall not be appointed as a  
196 director.

**SB330 Enrolled**

(d) The appointing authority may exercise discretion in determining whether an individual appointed as a director meets the qualifications provided in this section. Any individual appointed as a director shall be presumed qualified unless and until a court of competent jurisdiction makes a final determination, from which no further appeal is available, that such individual is not qualified as a director. The official acts of any individual appointed as a director shall be valid and binding as official acts of a director for all purposes, whether or not that individual is subsequently determined by a court of competent jurisdiction to be qualified or not.

(e) Each director shall serve for a term of five years, except the initial directors shall serve terms as follows:

(1) The initial director appointed by the sponsoring mayor shall serve a term of one year.

(2) The initial director appointed by the Lieutenant Governor shall serve a term of two years.

(3) The initial director appointed by the president of the governing body of the county in which the authorizing municipality is principally located and the initial director appointed by the Governor shall serve a term of three years.

(4) The initial director appointed by the governing body of each county in which the regional board owns a major reservoir located principally within the county and the initial director appointed by the governing body of the authorizing municipality shall serve a term of four years.

(5) The initial director appointed by the governing

**SB330 Enrolled**

body of the county, other than the county where the authorizing municipality is principally located, where the largest number of accounts serving water customers are located outside the county in which the authorizing municipality is located shall serve a term of five years.

(f) The initial appointments to the regional board shall be made by the appointing authorities not more than 20 days after the effective date of this act. Subsequent appointments, if made to fill a vacancy caused other than by the expiration of a term of office, shall be filled within 30 days of the appointing authority receiving notice of the vacancy. Subsequent appointments, if made to fill a vacancy caused by the expiration of a term of office, shall be filled within seven days after the expiration of the term of office. If an appointing authority fails to make an appointment within the time periods provided by this subsection, the Secretary of State shall appoint one of the nominees submitted pursuant to subsection (m).

(g) An individual appointed to fill a vacancy on the board shall serve the remainder of the term of the vacant seat. All directors shall continue to serve until a successor is appointed and qualified.

(h) A director may not serve for more than two full terms. In addition to the two full terms, a director may serve one additional partial term in the event a director is first appointed to a term that terminates less than five years after the date of his or her appointment.

(i) Any director may be removed for good cause by the

**SB330 Enrolled**

253 appointing authority who appointed the director if the  
254 appointing authority conducts a hearing that gives the  
255 director an opportunity to address the cause or causes for  
256 removal.

257 (j) Each director shall be entitled to receive  
258 compensation of two thousand dollars (\$2,000) per month,  
259 adjusted annually for increases in the consumer price index,  
260 as well as reimbursement for necessary expenses actually  
261 incurred by him or her in connection with the performance of  
262 his or her duties.

263 (k) A majority of directors then serving shall  
264 constitute a quorum for the transaction of business of the  
265 board of directors and any meeting of the board of directors  
266 may be adjourned by a majority of the members present. No  
267 vacancy in the membership of the board of directors shall  
268 impair the right of a quorum to exercise all powers and  
269 perform all duties of the board of directors.

270 (l) The board of directors shall adopt and maintain  
271 bylaws, not inconsistent with this division, for the  
272 regulation and conduct of its affairs and the operation of the  
273 regional board. The bylaws of the board of directors may  
274 provide for such committees as the board of directors deems  
275 necessary or desirable to make recommendations to the full  
276 board of directors.

277 (m) Members of the Alabama Legislature whose district  
278 encompasses areas served by a regional board, and  
279 organizations incorporated in this state that have existed for  
280 more than five years and that promote economic development in

**SB330 Enrolled**

any county served by a regional board, may nominate qualified individuals to serve on a regional board in positions that are vacant or expected to be vacant. Nominations shall be made by submitting in writing the name and qualifications of the individual being nominated to the appointing authority for the position and to the Secretary of State.

(n) The Attorney General shall review the qualifications of all appointees to a regional board and upon finding that any appointee is not qualified, shall file a complaint in the Circuit Court of Montgomery County, which shall have exclusive jurisdiction of the matter, seeking to declare the appointee not qualified and the regional board position vacant. Vacancies on a regional board resulting from a ruling by the court favorable to the Attorney General shall be filled by the designated appointing authority. Upon request, the Attorney General may render an opinion on the qualifications of a proposed appointee.

§11-50-300.04

(a) A regional board shall amend its certificate of incorporation after the conversion date to do all of the following:

(1) Acknowledge that the regional board has met the requirements of Section 11-50-300(a).

(2) Change its name to reflect the regional nature of the board. The new name shall include the name of the authorizing municipality.

(3) Make any other necessary amendment that is not inconsistent with this division or the enabling statute.

**SB330 Enrolled**

(b) An amendment of the regional board's certificate of incorporation shall be made in the following manner:

(1) The board of directors of the regional board shall first adopt a resolution setting forth in full the proposed amendment to the certificate of incorporation.

(2) The amendment shall recite the adoption of the resolution by the board of directors.

(3) After the amendment is executed by the chair or vice chair of the regional board and acknowledged before an officer authorized by the laws of this state to take acknowledgment of deeds, the amendment shall be filed in the office of the judge of probate where the board's original certificate of incorporation was filed. The amendment shall be effective upon filing.

**§11-50-300.05**

(a) Directors and employees of a regional board shall be subject to the Ethics Act.

(b) Each year all directors shall participate in 10 hours of training on the duties and best practices of directors of organizations engaged in the operation of water or sewer systems, the obligations of directors under the Ethics Act, and the reporting requirements under this division.

**§11-50-300.06**

(a) A regional board shall assure that the rates for water and other services are reasonable and that industry best practices are followed. A regional board shall assure that the regional board operates its system or systems efficiently, in

**SB330 Enrolled**

337 compliance with applicable laws and regulations, including  
338 this division, and exclusively for the benefit of the  
339 customers of the regional board.

340 (b) In assessing compliance with industry best  
341 practices, a regional board shall reference the standards  
342 published by the American Water Works Association or any  
343 successor thereto and standards followed by highly rated water  
344 systems.

345 (c) (1) A regional board may not make payments to any  
346 municipality, county, or other entity except for reasonable  
347 consideration in payment for goods or services required in the  
348 operation or management of the systems operated by the  
349 regional board.

350 (2) The Attorney General shall enforce this subsection  
351 by filing a complaint seeking to prevent or to recoup amounts  
352 paid by the regional board in violation of this subsection and  
353 to obtain other remedies as may be appropriate under the  
354 circumstances, in the Circuit Court of Montgomery County,  
355 which shall have exclusive jurisdiction of the matter.

356 §11-50-300.07

357 (a) A regional board shall follow best practices in  
358 preparing or causing to be prepared financial statements and  
359 other reports, including all of the following:

360 (1) An annual budget in monthly form.

361 (2) Monthly financial statements with comparison to the  
362 budget.

363 (3) Annual financial statements with comparison to the  
364 budget.

**SB330 Enrolled**

(4) Annual financial statements audited by an independent auditor.

(5) A five-year operating plan with annual revisions and appropriate comparisons of actual performance to plan.

(6) A 10-year capital plan, including a plan to fund the capital expenditures called for in the capitol plan, and a 10-year estimate of rates per year required to fund operating expenses, capitol expenditures, and debt service.

(7) Monthly and annual statistical reports to include the number of employees, number of customer connections by major geographical location, number of miles of pipe replaced as a percent of total miles of pipe in a system, volume of treated and untreated water introduced into transmission mains, volume of treated and untreated water billed to customers, and the number of leaks repaired.

(8) Monthly and annual schedules of professionals employed other than through a public bid process pursuant to exceptions to competitive bid laws, brief descriptions of their scopes of work, and amounts paid monthly, year-to-date, and for the preceding 12 months.

(9) Prior to the adoption of each annual budget of a regional board, a report on the current staffing of the regional board to include a job description of each position, the number of individuals filling each position, the average annual compensation paid to the individuals in each position, and proposed changes in staffing and compensation anticipated in the annual budget to be adopted, together with comparisons as may be available between the staffing of the regional board



**SB330 Enrolled**

393 and the staffing of other comparable water systems.

394 (b) All financial statements and other reports shall be  
395 accompanied by appropriate operating statistics, actual, and  
396 projected.

397 (c) All statistical and financial reports shall include  
398 historical statistics and financial information to the extent  
399 available and necessary to place recent information in  
400 historical context and a full description and disclosure of  
401 all assumptions made in the preparation of the reports.

402 (d) The reports required by this section shall be made  
403 available by paper copy and email to the state legislators  
404 representing the counties in which the regional board operates  
405 and the Department of Examiners and Public Accounts. The  
406 reports shall also be made available to the public on a  
407 website maintained by the regional board.

408 §11-50-300.08

409 (a) A regional board shall retain a consulting engineer  
410 with a national reputation for providing high quality  
411 engineering services to water systems. The consulting engineer  
412 shall provide the services specified in a professional  
413 services agreement which shall include all of the following  
414 services:

415 (1) From time to time but not less frequently than  
416 annually, an assessment of and comments on the regional  
417 board's compliance with Section 11-50-300.07, including  
418 separate assessments and comments on each of the financial  
419 statements and reports required by Section 11-50-300.07.

420 (2) Prior to the approval by the regional board of a

**SB330 Enrolled**

capital project costing two million dollars (\$2,000,000) or more, an assessment and report on the necessity, concept, design, and expected operating and capital cost of the project.

(3) Prior to the approval by the regional board of any financing, a report and opinion in customary form on the ability of the board to pay the interest on and principal of the loan or securities comprising the financing when due.

(4) Annually, and prior to any increase in rates or other service charges, an analysis and report on the reasonableness of existing and proposed rates and service charges, taking into consideration the factors listed in Section 11-50-300.06, any factors widely adopted in the regulation of utilities in the United States, and any other factors that the consulting engineer deems relevant.

(b) A consulting engineer shall be selected by a regional board pursuant to a nationwide search and a request for proposals addressed to not less than five of the largest providers of engineering services to water systems in the United States. The request for proposals shall be posted on the regional board's website and copies of responses shall be available upon request. A regional board shall select a consulting engineer from those submitting proposals based on the recommendations of clients, relevant experience, credentials of the engineers to be assigned to the project, terms of a proposed engagement agreement, and cost.

(c) Once selected, a consulting engineer shall serve five years and shall be eligible to be re-selected for one

**SB330 Enrolled**

449 additional five year term notwithstanding the selection  
450 procedures provided by this section.

451 (d) A consulting engineer shall be disqualified from  
452 providing project engineering services on projects undertaken  
453 by a regional board but shall review and comment on plans and  
454 specifications prepared by other engineers for such projects.  
455 A consulting engineer shall evaluate, on behalf of the  
456 regional board, the qualifications of engineers under  
457 consideration to provide project engineering services to a  
458 regional board.

459 (e) A consulting engineer may be discharged by a  
460 regional board for a material failure to perform as determined  
461 by the board after adequate notice and a hearing.

462 §11-50-300.09

463 For a period of 24 months after an individual ceases to  
464 be a director of a regional board, that individual may not be  
465 employed by the regional board or by any firm that performs  
466 work for the regional board.

467 §11-50-300.10

468 (a) A regional board shall employ a chief executive  
469 officer with full authority to manage the operations of the  
470 regional board, subject to policy directives and other  
471 governance decisions adopted by the board of directors.  
472 Employees of a regional board shall report directly or through  
473 subordinates who report to the chief executive officer and may  
474 not be ordered or instructed by a director of the board.  
475 Employment contracts, construction contracts, consulting  
476 contracts, engineering contracts, and other contracts between

**SB330 Enrolled**

477 the regional board and other persons shall be recommended by  
478 the chief executive officer, except for the employment  
479 contract of the chief executive officer, which shall be  
480 recommended by the board of directors. The chief executive  
481 officer shall recommend to the board of directors individuals  
482 to serve as chief financial officer and other executive level  
483 employees.

484 (b) The employment contract of the chief executive  
485 officer shall provide for a fixed term of office that may be  
486 extended with or without modification of other terms by  
487 agreement of the board of directors and the chief executive  
488 officer. The board of directors may terminate the employment  
489 of the chief executive officer for a material failure to  
490 perform his or her duties after providing reasonable notice of  
491 a failure and the opportunity for a hearing thereon.

492 Section 4. Sections 11-50-301, 11-50-302, 11-50-303,  
493 and 11-50-304, Code of Alabama 1975, relating to certain  
494 municipal water works boards, are repealed.

495 Section 5. This act shall become effective immediately.  
496



## SB330 Enrolled

\_\_\_\_\_  
President and Presiding Officer of the Senate

\_\_\_\_\_  
Speaker of the House of Representatives

SB330

Senate 24-Apr-25

I hereby certify that the within Act originated in and passed  
the Senate, as amended.

Patrick Harris,  
Secretary.

\_\_\_\_\_  
House of Representatives

Amended and passed: 01-May-25  
\_\_\_\_\_

By: Senator Roberts

APPROVED May 7, 2025TIME 2:55 p.m.

Kay Ivey  
GOVERNOR

Alabama Secretary Of State

Act Num.....: 2025-297

Bill Num....: S-330

## ENGROSSED

Senate Bill No. 330

## SPONSOR

1 Roberts

## COSPONSORS

2 Magawater 193 Shelwell 204 215 226 237 248 259 2610 2711 2812 2913 3014 3115 3216 3317 3418 35

## SENATE ACTION

I hereby certify that the Resolution as required in Section C of Act No. 81-889 was adopted and is attached to the Bill, SB 330.

Yea 30 Nay 0 Abstain 0

PATRICK HARRIS,  
Secretary

I hereby certify that the notice & proof is attached to the Bill, SB \_\_\_\_\_ as required in the General Acts of Alabama, 1975 Act No. 919.

PATRICK HARRIS,  
Secretary

## CONFERENCE COMMITTEE

Senate Conferees \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## HOUSE ACTION

DATE: 4-24 2025RD 1 RFD 14573

## REPORT OF STANDING COMMITTEE

This bill having been referred by the House to its standing committee on C+SB was

acted upon by such committee in session, and returned therefrom to the House with the recommendation that it be Passed, w/amend(s) \_\_\_\_\_ w/sub \_\_\_\_\_

This 24<sup>th</sup> day of April, 2025  
*Jim Carr* Chairperson

DATE: 4-29 2025

RF RD 2 CAL

DATE: \_\_\_\_\_ 20\_\_

RE-REFERRED ☐ RE-COMMITTED ☐

Committee \_\_\_\_\_

I hereby certify that the Resolution as required in Section C of Act No. 81-889 was adopted and is attached to the Bill, SB 330.

YEAS \_\_\_\_\_ NAYS \_\_\_\_\_

JOHN TREADWELL,  
Clerk

FURTHER HOUSE ACTION (OVER)